A deluge of inflation data and speeches from central bankers put monetary policy in the spotlight last week. Whilst the US is talking up the chances of it raising rates this Summer, at least one of the UK's rate setters is seriously considering voting to cut rates later this year.

Labour's still working. It's hard to fault the UK's jobs market. The employment rate reached a record high in the three months to March, with nearly ¾ of us in work. Unemployment, though unchanged at 5.1%, remains at exactly its pre-crisis average. And the proportion of people who are neither working nor looking for a job, i.e., those who are 'inactive', is at a record low. These records have been driven by a jobs machine that just keeps on pumping, with 371k more people working than a year previously (200k of whom are aged 65+). The one black spot is pay, up just 2.1%y/y, excluding bonuses. More jobs are 'good', but without significant productivity growth, it's hard to justify higher pay, however welcome it would be.

Recovering. Meanwhile in relation to the labour market closer to home, Northern Ireland posted its first fall in the claimant count in three months in April. Another interesting trend is the continuing decline in the number of people aged 16-64 who do not want to work due to long-term sickness. This fell to a three year low in Q1 2016, down 13,000 in one year.

How to spend it. The UK consumer is handing out lessons in how to spend it at the moment. Retail sales for April were up a very strong 4.3%y/y. And this is no blip. Sales in the first four months of the year are up 4% on the same period last year and 9% higher than 2014. No wonder it is household consumption that is driving UK GDP growth at the moment. How are we able to afford all this? Cheaper prices, which have fallen by around 3%y/y. Households are cashing in.

A game of two halves. Prices rose by 0.3%y/y in April, down from 0.5% in March. It's more than two years since inflation was at the 2% target. The headline rate averages hundreds of individual changes, concealing differences. Goods prices have been falling consistently, as they did in the early 2000s, and were down 1.6%. Services, on the other hand, rose 2.4%. The wider truth here is that it's easier to squeeze productivity gains and price cuts from manufacturing than from services.

Good year for petrol heads.   It probably hasn't been a great year for Jeremy Clarkson but petrol heads have enjoyed a notable fall in motoring-related costs. Using ONS CPI data, we have devised our own measure – the Petrol Heads Index (PHI). This includes car parts, accessories, repair & maintenance, fuel and motor insurance. Falling petrol / diesel prices have contributed to a decline in PHI, notably since 2014. Petrol prices fell by almost 13% last year while diesel prices posted their steepest decline since 1986 (-14% y/y) These declines drove the PHI down by 4% last year and as of Q1 this year has fallen by another 2%

to its lowest level since 2009. Insurance, new car prices and repair & maintenance costs have moved the other way. With rising fuel costs, declines in PHI are likely to be seen only in the rear view mirror, as the journey though the consumer sweet spot comes to an end.

Up and down. Northern Ireland's residential property prices posted their first quarterly decline in three years during the first quarter of 2016. According to the latest figures from the Department of Finance, prices fell by 1% q/q. Despite this fall, prices were 5.9% higher over the year. Fermanagh is the happiest place to live in the UK according to the ONS. Homeowners in Fermanagh will also have a spring in their step from the latest house price survey. The Fermanagh and Omagh Local Government District (LGD) posted the fastest rates of growth in Northern Ireland at over 14% y/y. So far, Northern Ireland's house prices have recovered one-sixth of their peak-to-trough declines. As a result, prices are 48% below the freak peak in 2007. The recovery in transactions has been somewhat stronger with sales up 16% y/y in Q1. This takes activity levels over the last 12 months to 40% of those that prevailed in 2006 or over 60% of the more 'normal' levels in 2005. The lost decade in the housing market continues.

Balancing act. With encouraging data on jobs and retail sales combined with disappointing pay growth and falling inflation these are far from normal times in the UK. What are policymakers supposed to do? The MPC's most recent addition, Gertjan Vlieghe, showed himself to be amongst the more concerned members of the Committee by signalling that he would be prepared to vote for a rate cut if growth didn't rebound later in the year. He pointed to the gradual fall in the pace of growth over the last two years and stressed that an ageing population will mean lower growth.

League leader. Things are healthier in the US. Inflation there was 1.1%y/y, up from 0.9%. Core inflation, which strips out volatile items like energy and food, stood at 2.1%. None of this heralds an emerging inflation problem. In fact, the Fed would be happier if the headline and core measures both hovered close to 2%. Yet the minutes of the last FOMC meeting showed that the committee is prepared to raise rates at its June meeting if growth, inflation and the labour market all continue to improve over the coming weeks. Such signals have proved premature in the past but the intention is clear.

Relegation fodder. If hitting European Central Bank's inflation target of close-to-but-not-above-2% was a sporting contest, most euro zone members would be struggling to qualify for a place in Europe. Prices fell again in April, down 0.2%y/y across the bloc and in 13 of the 19 member states. Only Belgium was within one percentage point of the target, at 1.5%. Milton Friedman once wrote that, "inflation is always and everywhere a monetary phenomenon." If that's correct, the ECB will have to work much harder still to pull the euro area out of this torpor.

Recession dodger. With the G7 meeting in Japan, no doubt the hosts were relieved that their economy dodged the latest recessionary bullet. Following a 0.4% q/q contraction in Q4 the prospect of a 'technical recession' loomed large. But the Japanese economy expanded by 0.4% q/q in Q1, above expectations. Stronger household spending more than offset a marked drop in business investment. Given its massive debt pile, Japan badly needs growth to continue.

Already? China's monthly release of growth indicators – investment, industrial production and retail sales – all came in lower than expected for April. Industrial production growth fell from 6.8%y/y to 6% on the back of weaker external demand and a drop in heavy industry output. Could the effects of the renewed credit boom and fiscal splurge be fizzling out already? Possibly, although the sheer scale of the credit expansion suggests it should at least have a bit further to run. Another explanation is that some of the new credit represents banks turning to financial leverage to boost asset returns – definitely not a healthy development.